

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-10 ISO-00 L-03 H-01 AID-05 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01
PA-01 PRS-01 STR-04 CEA-01 ITC-01 JUSE-00 /066 R

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APPROVED BY EB/IFD/OIA:RJSMITH
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L/AF:WRHODES
COMMERCE:JSEVER
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TREASURY:RGOODMAN
-----132047Z 053261 /63
R 131759Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY ADDIS ABABA

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E.O. 11652: N/A

TAGS:EINV

SUBJECT: EXPROPRIATION OF U.S. INVESTMENT

1. AT ITS MONTHLY MEETING MAY 26, INTERAGENCY EXPROPRIATION GROUP DISCUSSED EPMG ACTIONS TO CONSIDER CLAIMS FOR COMPENSATION BY U.S. INVESTORS. GROUP IS SERIOUSLY CONCERNED OVER FACT THAT COMPENSATION COMMISSION HAS NOT YET BEGUN TO CONSIDER CASES OR NEGOTIATED WITH AFFECTED COMPANIES. CONTINUED FAILURE TO DO SO RAISES QUESTIONS ABOUT EPMG WILLINGNESS TO REACH SETTLEMENTS AND MAKES IT DIFFICULT TO SUSTAIN DETERMINATION THAT THERE IS SUFFICIENT PROGRESS TO AVOID IMPOSITION OF SANCTIONS REQUIRED BY LIMITED OFFICIAL USE

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HICKENLOOPER, GONZALEZ AND TRADE ACT.

2. EXPROPRIATION GROUP FEELS IT IS APPROPRIATE TO AGAIN VOICE THESE CONCERNS TO EPMG IN ORDER THAT THEY BE FULLY AWARE OF LIKELY CONSEQUENCES OF FURTHER DELAY. THIS CAN PROBABLY BE DONE MOST EFFECTIVELY BY DIPLOMATIC NOTE, AND WE SUGGEST THE FOLLOWING TEXT FOR SUCH A NOTE TO BE DELIV-

ERED TO THE EPMG.

3. TEXT OF NOTE (COMPLIMENTARY OPENING AND CLOSING OMITTED). QUOTE: ...AND HAS THE HONOR TO REFER TO THE QUESTION OF COMPENSATION FOR NATIONALIZED U.S. INVESTMENTS.

ON NOVEMBER 24, 1976 THE U.S. GOVERNMENT WAS NOTIFIED THAT THE COMPENSATION COMMISSION WAS ACCEPTING CLAIMS FROM INVESTORS WHOSE ASSETS HAD BEEN NATIONALIZED. SUBSEQUENTLY, AFFECTED U.S. INVESTORS WERE NOTIFIED AND IT IS OUR UNDERSTANDING THAT MANY HAVE NOW SUBMITTED CLAIMS TO THE COMMISSION. AS FAR AS WE ARE AWARE, THE COMMISSION HAS NOT YET STARTED THE PROCESS OF REVIEW AND NEGOTIATION ON A CASE BY CASE BASIS. IT IS UNDERSTOOD THAT THIS DELAY HAS BEEN DUE TO THE COMMISSION'S EFFORT TO DEVELOP GENERAL GUIDELINES FOR HEARING OF CLAIMS CASES.

DUE TO THE LONG PERIOD OF TIME THAT HAS PASSED SINCE THE NATIONALIZATIONS OCCURRED, THE U.S. GOVERNMENT URGES THAT NEGOTIATIONS WITH U.S. INVESTORS BEGIN SOON. AS EXPLAINED IN OUR NOTE OF OCTOBER 1, 1976, THE STATUTES PROVIDING FOR GENERALIZED TARIFF PREFERENCES, U.S. SUPPORT OF LOANS UNDER CONSIDERATION BY INTERNATIONAL DEVELOPMENT INSTITUTIONS, AND EXTENSION OF BILATERAL ASSISTANCE REQUIRE THE U.S. GOVERNMENT TO CONDITION SUCH ACTIONS ON REASONABLE PROGRESS TOWARD PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION TO U.S. INVESTORS WHOSE PROPERTY HAS BEEN NATIONALIZED BY HOST GOVERNMENTS. IT WOULD BE DIFFICULT TO CONTINUE TO SUSTAIN A FINDING THAT THE REQUIREMENTS OF LIMITED OFFICIAL USE

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U.S. LAW ARE BEING MET IN THE ABSENCE OF SIGNIFICANT PROGRESS TOWARDS SETTLEMENT OF THESE CLAIMS.

THE USG WOULD APPRECIATE INFORMATION REGARDING THE ACTIONS THE EPMG INTENDS TO TAKE WITH REGARD TO U.S. CLAIMANTS, AND IS HOPEFUL THAT DISCUSSION WITH THEM CAN BEGIN SOON WHICH WILL LEAD TO THE EARLY AND EQUITABLE SETTLEMENT OF THESE CLAIMS. END TEXT.

4. FYI: EXPRO GROUP IS ESPECIALLY CONCERNED WITH FACT THAT EPMG REJECTED MOSVOLD CLAIM ON GROUNDS OF QTE CRIMINAL ACTS UNQTE. WOULD APPRECIATE ANY INFO YOU MAY HAVE ON SO-CALLED CRIMINAL ACTS AND EMBASSY VIEW AS TO WHETHER HANDLING OF THIS CASE WILL PRESAGE OUTCOME OF OTHER U.S. CLAIMS CASES. WE ARE ALSO AGAIN LOOKING INTO MATTER OF CITIZENSHIP OF MOSVOLD PROPERTY OWNERS TO DETERMINE IF THEY ARE ENTITLED TO USG PROTECTION OF RIGHTS. END FYI. VANCE

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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